



## U.S. Department of Justice

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### **FORMER OWNER OF LOCAL INSURANCE AGENCY PLEADS GUILTY TO EMBEZZLING MORE THAN \$240,000 OF INSURANCE PREMIUMS**

ROCKFORD -- PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, and KENNETH T. LAAG, Acting Postal Inspector-In-Charge of the Chicago Office of the United States Postal Inspection Service, today made the following announcement:

**JAMES J. MARTIN**, 50 (DOB: 08/19/54), of 2432 Harlem Boulevard in Rockford, formerly the president and owner of an independent insurance agency in Rockford known as H.L. Todd & Company, Inc. ("H.L. Todd"), pled guilty today in federal court in Rockford to embezzling \$243,830 of insurance premiums.

In pleading guilty today, Martin admitted that from April 29, 1996 through May 20, 2002, he embezzled premiums which belonged to H.L. Todd's customers and insurance companies for which H.L. Todd sold policies. Specifically, Martin admitted that he embezzled a total of \$42,488 in premiums that had been paid by H.L. Todd's customers which were supposed to be remitted to the insurance companies. Martin acknowledged that, as a result of his embezzlements, the insurance companies failed to issue the policies paid for by the customers. In the written plea agreement filed today, Martin admitted that he concealed his embezzlements by issuing false certificates of insurance to these customers, causing them to believe the policies had been issued.

Martin further admitted that he embezzled a total of \$201,342 in premium refunds from insurance companies that H.L. Todd was supposed to remit to its customers. A substantial portion of the embezzled refunds consisted of overpayments on workers compensation premiums that had been paid by customers of H.L. Todd. Martin admitted that he concealed these embezzlements by failing to notify the customers of their premium refunds.

The sentencing hearing for Martin will be conducted on Friday, March 18, 2005, at 9:00 a.m. The insurance embezzlement charge to which Martin pled guilty carries a maximum sentence of up to ten years of imprisonment, a term of supervised release of at least two and up to three years following imprisonment, a fine of up to \$250,000, or twice the gross loss caused by defendant's offense, whichever is greater, and any restitution ordered by the court. His actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

The case was investigated by the Chicago office of the Postal Inspection Service. The case is being prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN. The investigation began after an audit of H.L. Todd by the Illinois Department of Financial and Professional Regulation, Division of Insurance. The Division of Insurance and the Financial Crimes Unit of the Illinois State Police-Springfield assisted in the federal investigation.

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